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Automotive News

June 29, 1987

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Chrysler talks with China on engine, car

By Laura Clark and Matt DeLorenzo
AUTOMOTIVE NEWS STAFF REPORTERS

Chrysler Corp. is negotiating with China's government-owned First Autoworks to supply the Chrysler 2.2-liter four-cylinder engine as well as tooling for the Dodge 600.

If the deal is successful, a version of the 600 would become the next-generation flagship car in First Autowork's line. It is unclear whether Chrysler would sell the tooling outright or work with First Autoworks in a joint venture.

A Chrysler spokesman said a decision on the engine is close to being finalized. The American automaker has been discussing with First Autoworks for more than a year the possibility of providing its 2.2-liter engine as the base engine for the Chinese automaker.

Chrysler is competing with Citroen and a Japanese automaker to supply an unspecified number of four-cylinder powerplants to be used in a variety of First Autowork's products, the Chrysler spokesman said.

Chrysler is also conducting feasibility studies with First Autoworks on building the Dodge 600 as a replacement for the Red Flag, a sedan currently offered in the Chinese market.

The spokesman said no agreement has been reached on the car project.

"The engine deal is a whole lot closer to fruition," he said.

"China is certainly one of the great world markets of the future, and some say the greatest market of the future," said the spokesman. "If we can get in with the Chinese and provide the base engine for

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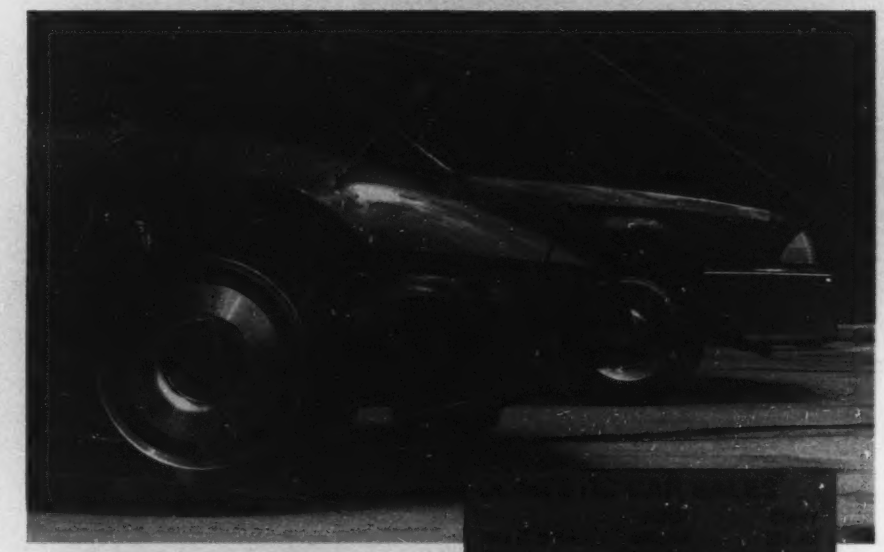

NEW LEADER

Ford overtakes Chevy in domestic-car sales

By Roger Rowand
AUTOMOTIVE NEWS STAFF REPORTER

An automotive tradition in this country is changing. Ford Division is leading Chevrolet in sales of North American-built cars.

Ford hasn't topped Chevrolet for a full year since 1959.

Ford has outsold Chevrolet in six of the last eight months. Ford leads Chevrolet for the 1987 calendar year and for the 1987 model year in sales of North American-built autos.

At one point in American history, one of every four cars sold wore the bow-tie emblem of Chevrolet. The division was, without question, the industry volume leader.

In today's sales sweepstakes, however, Chevrolet has been limping with increasing severity as its competitor in Dearborn forges ahead.

Just last month, for example, Ford Division outsold Chevrolet by 2,504 units with deliveries of 125,062 domestic cars to Chevrolet's 122,558.

Ford's feat appears even more noteworthy in light of the new mid-size Corsica and Beretta launched by Chevrolet while Ford has no brand-new domestic cars this model year.

Ford's lead may not last through the end of the year, however. Ford's projection calls for domestic sales of 1.34 million units for the calendar year. Chevrolet's own forecast is for 1.60 million.

But even that difference of something better than a quarter of a million cars may not materialize. General Motors and its car divisions in the past frequently have missed projections by wide margins as sales fell short of overly optimistic early forecasts.

Ford's advantage over Chevrolet widens considerably when light trucks, vans and imports are added. Ford last month sold 20,359 more vehicles in total than did Chevrolet, 251,624 to 231,265. And for the first five months of the year, it beat Chevy by 64,441 vehicles, selling 1,160,058 vs. Chevrolet's 1,095,617. One year ago, Chevrolet was ahead of Ford in total vehicle sales, both for the month and for the year.

In contrast to last month's performances, in May last year, Chevrolet outsold Ford Division on a domestic-car basis by a hefty 31,113 units with deliveries of 158,897 cars to Ford's 127,784.

The difference in the first five months this

see LEADER, page 50

Car output will drop in 3rd quarter

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Most industry watchers have figured by now that the U.S. car production forecast for the third quarter would be lower than that of last year.

Their expectations were fulfilled as third-quarter production schedules were obtained by Automotive News, forecasting a build of 1,464,905 cars — a dip of 10.36 percent from the 1,634,205 completed in the third quarter of 1986.

THIRD QUARTER AUTO PRODUCTION
1987 forecast vs. 1986 actual

	1987	1986	% change
GM	723,610	828,269	−12.64
Ford	363,000	383,668	−5.38
Chrysler	220,000	259,581	−16.96
AMC	0	12,491	—
Honda	74,855	64,559	+15.95
NUMMI	48,000	49,520	−3.06
Nissan	29,640	10,066	+194.49
VW	5,800	15,721	−63.11
Industry	1,464,905	1,634,205	−10.36

The questions now are: Is the decrease going to be enough? How long will incentives carry on? How many plants will extend downtime? And, will there be strikes?

Ronald Glantz, Montgomery Securities analyst, thinks that the third-quarter forecast is at least 200,000 units more optimistic than what the makers actually will end up building.

"My calculation is that domestic dealers should end the second quarter with 1,965,000 cars in inventory, which is equal to a 77-day supply. This means that inventory is 419,000 units higher than average," he added.

The average from 1970 to 1986 for the end of June was 60.9 days, he said. That means the third quarter schedule is 200,000 units too high, he calculated.

Glantz thinks second-quarter production is running high in anticipation of a strike. That means the makers are going into the third quarter with plans to purposely build too many cars.

Contracts at General Motors and Ford Motor Co. expire Sept. 14, and a strike is almost certain, Glantz said. Ford and GM want a high inventory to avoid being hurt by a strike, he said.

see OUTPUT, page 51

Mazda plant nears Job One

By Louise Kertesz
AUTOMOTIVE NEWS STAFF REPORTER

FLAT ROCK, Mich. — Workers at Mazda Motor Manufacturing (USA) Corp. have completed the first 100 cars of pilot production at a new $550 million plant on the site of Ford Motor Co.'s defunct Michigan Casting Center. Commercial production begins in September, once 200 more pilots are assembled.

The Flat Rock plant — like New United Motor Mfg. Inc., the General Motors-Toyota partnership — will produce two different cars to be marketed separately by Mazda and Ford. Ford owns 25 percent of Mazda, but this is not a joint venture.

Observers believe Flat Rock will allow Detroit automakers — particularly Ford — a closer look at Japanese management methods and team production. Both are practices the Big Three want to incorporate to make their own plants more productive.

Dennis Pawley is vice president of manufacturing for Mazda's U.S. manufacturing operation. He left the position of plant manager at GM's Pontiac Fiero assembly plant to join Mazda.

"In my 20 years with GM, we tried many different ways of team building, but I found when I got down here that it's much deeper and much more complex in a Japanese plant," he said.

The plant's automation will also be of interest to other automakers. According to Mazda Motor Manufacturing President Osamu No-

see MAZDA, page 47

AUTOMOTIVE NEWS/JOE WILSEMS

Mazda's Dennis Pawley

Chrysler, dealers react to indictment for odometer fraud

By Helen Kahn, Charles M. Thomas, Theodore G. Coutillish and Kathleen Hamilton
AUTOMOTIVE NEWS STAFF REPORTERS

Chrysler Motors dealers reported late last week that the federal indictment of Chrysler Corp. and two executives on odometer tampering charges had not adversely affected their business.

But the dealers' reaction ran counter to the general trend: Related lawsuits were filed by individuals following the criminal charges; Chrysler was answering customer queries on whether their cars had been driven before the odometers were connected and was tracking down those damaged; print and electronic

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Daihatsu, Bombardier call it quits — Page 2
AMC unveils luxury Premier — Page 3
Buick forecasts better times — Page 4

Advanced system to revise GM global manufacturing

By Jake Haas and Michelle Krebs
AUTOMOTIVE NEWS STAFF

General Motors plans to revolutionize its worldwide manufacturing operations through its newly instituted GM Production System.

The goal of the new production setup is to create a common manufacturing system for GM globally, thus reducing costs drastically and boosting productivity "by light years," as one GM executive described it.

The program simplifies product design and product offerings as well as simplifying the GM organization, the manufacturing process and every worker's job.

The program alters activities in practically all associated areas, including methods of engineering, vehicle design, marketing, material control, plant arrangements, supplier agreements and labor relations.

It will change and standardize the automation that the automaker uses to build its vehicles and could make obsolete many of its current technologies, developed for systems such as robotics, vision and inspection.

"When you talk about a production system in these terms," said Elmer Johnson, GM executive vice president in charge of the operating staffs, "you're talking about bringing together all kinds of disciplines — materials management discipline, manufacturing and engineering discipline. It involves how you lay out the plant, how you deal with suppliers, how the material flow takes place."

The new production system also involves simplifying bureaucratic procedures among the salaried ranks and simplifying the worker's task, all accomplished in large part by listening to the workers who actually do the job. Participative management and the team concept of production play heavily in the new production system.

"The more you simplify the worker's task so he or she doesn't have to have these big boxes of parts around them trying to make the car, the higher-quality car you're going to have and the lower you can price it because your costs are low," Johnson said.

An end result of the new production system, Johnson said, is increased productivity and tapping more of the potential of GM employees, hourly and salaried.

"It's all geared toward getting much more zest, energy and participative play out of the employees at every level," he said.

Johnson used as an example of the new production system the cataloging of available parts within GM. Johnson said in some cases, distinctiveness has been pursued to excess and GM now should seek commonality of invisible parts.

"You don't have to have 45 different brake pedals," he said. "The trick is to catalog those parts that don't have to be engineered and specified with a new set of specs."

Johnson believes cataloging parts represents the area in which GM can realize the most significant cost savings.

The new production system is based in part on the second-generation Americanization of Japanese manufacturing techniques picked up through GM's California partnership with Toyota in New United Motor Manufacturing Inc. and others.

The program already is being installed on the Detroit-Hamtramck Allante body assembly lines. Sources indicate that GM intends to expand the production system to other areas in the Hamtramck plant once its current installation is debugged and running full time.

The program is really an outgrowth of GM's long search for some kind of generic manufacturing approach that all units can adopt.

GM, which has practically every piece of manufacturing machinery made, has been looking over the manufacturing processes offered by its vendors and partners. One corner of that effort is GM's drive to standardize its computer-aided design and engineering systems (Automotive News, May 25).

GM is currently winnowing the five surviving vendors of 27 down to three in an effort to integrate its 22,000 computer-aided-design workstations, 35 percent of which are in GM's home-brewed system.

The Toyota Production System, as much a manufacturing strategy as a technology, is a key element of the new GM production system. It encompasses such elements as reducing labor classifications, expanding operator responsibility, just-in-time parts and materials delivery and manufacturing and assembly process enhancement.

The Toyota manufacturing principles GM is attempting to pass through its system include:

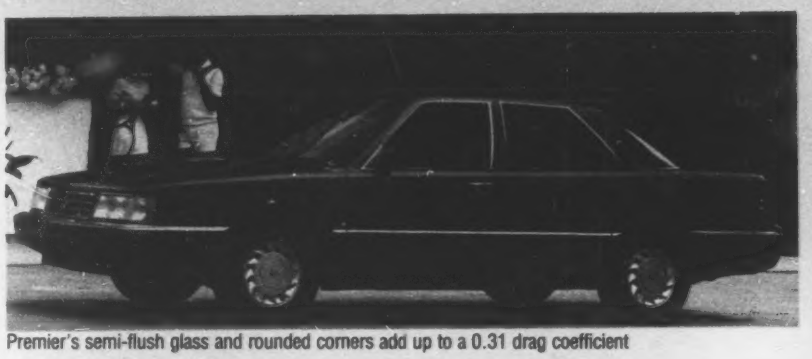
- Profit is guaranteed only through cost cutting.
- Elimination of any activity that does not add value to the product will reduce costs.
- Increased quality justifies stopping the line.
- Worker-hours needed to make a product should be reduced progressively.

The company feels the new system will keep its cost and quality competitive with other car builders worldwide.

GM isn't the only American automaker to foster such hopes. Chrysler Corp., for example, has similar feelings about its new Simplex automated production system at its Belvidere and St. Louis No. 1 plants, which has produced some startling savings and process flexibility.

GMPS was kicked off last December in a memo signed by Robert C. Stempel, executive vice president and soon-to-be GM president; Lloyd E. Reuss and Donald J. Atwood, also executive vice presidents.

In part the memo stressed, "Development and implementation of this new production system will be a major effort, ultimately requiring involvement of most functions within every operating unit in North America. Because of the scope and complexity of this undertaking, the coordinated all-out efforts of all units is imperative, and it is essential that all operating units give this program top priority."



Premier's semi-flush glass and rounded corners add up to a 0.31 drag coefficient

AMC takes on new class

Premier gives dealers luxury intermediate to sell

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

MANITOU, Ontario — With a $337 million (U.S. funds) plant and $263 million in its tooling and product budget, American Motors is ambitiously entering the intermediate-car segment with its 1988 Premier.

The four-door luxury sedan will be assembled at AMC's new Bramalea assembly plant in Brampton, Ontario, and will represent the most ambitious vehicle project in AMC's history.

AMC hopes that Premier will become the company's weapon against such competitors as Ford Motor Co.'s Taurus/Sable, Pontiac 6000, Oldsmobile Ciera and Audi 5000. It is to be introduced in early November.

But more importantly, the Premier will provide a potentially profitable product for AMC's dealer network which has not had an intermediate-sized car since AMC discontinued Matador in 1977.

AMC is currently working with Bendix to develop anti-lock brakes for Premier. They are expected to be offered by the end of the 1988 model year, at least on a coupe version that will debut as a 1989 model. Engineers are also considering active suspension for a future model.

Designed by Giorgio Giugiaro

Chrysler Corp., which plans to acquire AMC in August, also has the right to cross-sell Premier and its derivatives in its own dealer network.

Premier, which sources say will be priced between $12,000 and $16,000, will be offered in three trim packages: the basic DL, sporty ES and luxury LX.

A five-speed manual transmission will be standard on the DL, while the LX and ES will be equipped with a four-speed automatic transmission with overdrive.

see PREMIER, page 46

Ford to test CIM at Ontario plant

By Jake Haas
SPECIAL CORRESPONDENT

Ford Motor Co. is installing a computer-integrated-manufacturing system at its Markham, Ontario, electronics and instrumentation plant.

Gary VanderHaagen, strategic planning manager for Ford's Electrical and Electronics Division, said that if the Markham CIM system, one of the auto industry's first, is successful, it could be the pattern for companywide implementation.

"We are not only focusing on this plant, but on other divisions as well," said Ken Hitchmough, CIM project manager at Markham.

"We hope to create generic software that can be transferred. There are people working on this full-time," VanderHaagen said. "It has a lot of corporate support."

CIM requires that all phases of manufacturing, design and marketing be tied together to reduce costs and produce better-quality products.

The Markham project resulted from the efforts of a team of managers with a variety of jobs who analyzed how Ford builds cars.

The first products to be put on line will be electronic instrumentation and radio products. VanderHaagen said.

CIM is expected to reduce product cost by 10 to 35 percent, cut leadtime 10 to 25 percent and improve quality.

"We are looking at standards and simplification," Hitchmough said. "We have to manage with data and information to be able to control our processes better."

However, the Ford engineers expect quality, productivity and the time needed for assembly operations to improve once the system is in place.

The CIM system is being installed gradually so that the way the Markham plant makes its products will not change markedly over the near term, Hitchmough said.

The pilot CIM system at the plant is expected to be up and running this year with the entire plant on CIM by the end of 1988.

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Car disciplines converge at World Congress

The convergence of engineering, design and safety will be highlighted at the 12th annual Automotive News World Congress, to be held July 26-29 at the Hyatt Regency Hotel in Dearborn, Mich.

The integral relationship between the three areas is exemplified by the careers of three prominent speakers who will address the gathering.

They are: Michael J. Kimberley, Group Lotus managing director; Helen O. Petrauskas, Ford Motor Co. environmental safety and engineering vice president; and Carl L. Olsen, chairman of transportation design at Detroit's Center for Creative Studies.

The overall theme of this year's World Congress is "Facing Up to Competitive Times."

Kimberley will address a general session on Tuesday, July 28, when the daily theme will be "The Importance of a Global Perspective."

Olsen will speak that evening at the gala banquet, and Petrauskas will address the group at the Wednesday morning finale, when the day's theme is "Coping with Change."

Kimberley, 48, was educated, trained and apprenticed as a mechanical engineer in England. He was with Jaguar for 15 years before starting at Lotus Cars in 1970.

His World Congress speech topic is "Lotus' Plans for Getting Bigger in the United States."

Petrauskas was born in Lviv, Ukraine. She joined Ford's Office of the General Counsel in 1971 as a staff attorney on emissions and safety. She is a supporter of air bags as passive restraints and has been active in the promotion and marketing of Ford's current crop of air-bag-equipped Tempo and Topaz models. The topic of her address to the World Congress is "Perspectives on Highway Safety."

Olsen, 53, began his career with General Motors in 1957 at the Warren, Mich., styling center. In 1960, he moved to Europe and spent the next 27 years working for various design studios before coming back to the United States earlier this month to take the job at the Detroit school.

Olsen, who spent the last five years as design director at Automobiles Citroen in Paris, will speak on "What's New in Automotive Design."

This year's World Congress will feature more than 30 speakers who will share their expertise, experience and opinions on the status of the automobile business and its future.

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit MI 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.

RECREATION ON WHEELS

Vixen may seek growth funds; ad campaign set

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

PONTIAC, Mich. — Vixen Motor Co. is shifting into a higher gear in the RV market, though company officials are still circumspect about how far or fast they expect to go.

Vixen is talking to Goldman Sachs, the investment firm, about a potential debt offering to private investors to raise extra cash, Gerald S. Bryce, Vixen president confirmed.

The private placement is only in the conversational stage. Bryce said it would be aimed at funding the company's growth, rather than buying out controlling interest from the city of Detroit police and firemen's pension fund and the state of Michigan employees pension fund, which are majority investors in the firm.

Vixen is also seeking other ways to broaden its market horizons.

Aside from introducing a new "touring" version of its motor home, the company is gearing up for its first bona fide national ad campaign, through Scharfberg & Associates, of Jenkintown, Pa.

That agency replaced Vixen's previous ad agency, R.J. Baker, in early May.

Bryce said Vixen has relied mainly on media publicity and limited ad efforts up to now.

"There are a lot of people in lots of areas who don't know us," he said.

The $750,000 ad campaign will use national magazines and some local media, in line with the company's feeling that "our job is to set the Vixen image, and it's the dealer's job to sell in local market," Bryce said.

In its dealer recruitment, Vixen is now drawing prospects from both the automotive and RV fields.

Vixen currently has 52 dealers in 28 states, about a third as many dealers as it needs, according to Bryce.

The company's goal is to get 158 dealers and be in the 48 contiguous states by the end of its fiscal year that ends Sept. 30, 1988.

Bryce: "There are a lot of people in lots of areas who don't know us. . . . Our job is to set the Vixen image, and it's the dealer's job to sell in local market."

Vixen's dealers now include car-only dealers, car dealers with RV departments and RV-only dealers of all sizes.

It currently has 300 dealer prospects; but Bryce doesn't anticipate that the yield from them will be all that large because of the company's concern about signing the wrong dealers.

Bryce pointed out that "our vehicle is not the bread-and-butter franchise at a dealership. It's a second or third franchise," which means it is in no way critical to a dealer's survival.

And that means that unless a dealer likes motor homes or the RV lifestyle, he could end up doing little to push it.

Bryce noted that it's not something that can be sold simply as transportation, as many car dealers are used to doing, but has to be sold on the basis of fun as well.

He said he expects the new Vixen XC to account for roughly half the company's sales mix, based on current orders. The XC replaces some of the motor home features of the alternate Vixen 21 model with seating for eight people.

The company has a 45-day backlog of orders, split almost evenly between the XC and the 21, Bryce added.

He said he anticipates selling 300 Vixens in the current fiscal year that ends in September, up from about 185 last year.

Current assembly is at the rate of two units a day.

Bryce said the company is making an in-depth study of its longer-range sales potential, using Innovative Ventures, of Dallas and Lansing, Mich., as an outside market research consultant.

He said it would be "premature" to give any longer-range sales projections until the study is completed.

Bryce wouldn't disclose the company's break-even point for profitability, but said it has outlined a plan for profitability and is "marching to" it.

He predicted, though, that the company would break into the black within two years, barring any unforeseen catastrophe in the national economy.

Bryce said the biggest concern of RV manufacturers is not the price of fuel — which has been edging up — but its availability.

An increase in fuel prices wouldn't affect the vehicle's popularity, he said, because its high fuel efficiency is one of its strong points.

As part of its expansion, the company now has "completely staffed" its six sales zones with zone managers, Bryce added. Their job is to prospect for new dealers as well as call on old ones.

The company met with its dealers in mid-April, he added, and openly discussed its plans, its strengths and some of its previous errors.

Some of the changes it has made to strengthen its distribution include setting up a new operation to process warranty claims more quickly and doing more sales and service training of dealership personnel.

Proper servicing is particularly important to the company, since it is one of relatively few RV firms that assumes total responsibility for the warranties on its vehicles, Bryce said.

Typically, unless a motor home manufacturer tampers with the chassis or chassis components in some way, the chassis warranty is covered by manufacturers like Chevrolet or Ford that supply it.

Vixen plans to offer a gasoline engine and automatic transmission for California models first, beginning this fall.

It currently uses a 2.4-liter BMW turbodiesel 4-cylinder and manual transmission for all its vehicles.

The company will likely offer a 2.7-liter 6-cylinder BMW gas engine, but it is still exploring other possibilities as well.

It is also looking at a couple of suppliers for its automatic transmission, including ZF.

The Vixen Motor Company plant employs more than 150 people.

RV market strong, but '88 lag seen

By Joseph Bohn
AUTOMOTIVE NEWS STAFF REPORTER

The RV market continues to look strong, though not quite as strong as previously predicted.

That is the finding of a report by John DeWolf, economic consultant, for the Recreation Vehicle Industry Association.

Seperately, the RVIA reported that April wholesale shipments were the highest in nearly three years.

DeWolf projected slightly fewer wholesale shipments of towable RVs and motor homes in calendar 1987 than he had foreseen earlier, but higher shipments of van conversions than he had forecast previously.

He also said he anticipated the start of a mild slowdown in industrywide shipments in 1988.

DeWolf's revised estimate calls for 222,000 RV shipments in 1987, excluding van conversions.

That would represent a 12 percent gain over last year, but is slightly below the 14 percent increase he previously projected.

He sees shipments of towable RVs rising 12.8 percent this year, motor homes rising 7.8 percent and truck campers rising more than 40 percent.

At the same time, DeWolf's forecast calls for a substantial increase in van conversion shipments.

He sees van conversion shipments climbing 18 percent in 1987 over 1986, compared to a small decline projected previously.

He also expects van conversion shipments to stay at that level in 1988.

Shipments of other RVs, excluding vans, are expected to decline to 210,000 in 1988 and rise slightly to 212,000 in 1989.

Recreational Vehicle Wholesale Deliveries

	April 1987	April 1986	% change	4 months 1987	4 months 1986	% change
Travel trailers	10,900	10,100	+ 7.9	35,800	32,900	+ 8.8
Folding camping trailers	4,100	3,700	+10.8	14,500	13,600	+ 6.6
Truck campers	1,200	800	+50.0	3,700	2,400	+54.2
Towable RV total	16,200	14,600	+11.0	54,000	48,900	+10.4
Conventional (type A)	3,800	3,300	+15.2	13,300	11,400	+17.5
Van Campers (type B)	700	700	0.0	2,300	2,000	+15.0
Chopped vans (all)	3,000	2,900	+ 3.4	9,800	9,100	+ 7.7
Motor home total	7,500	6,900	+ 8.7	25,500	22,500	+13.3
Van conversions	16,700	18,200	- 8.2	63,100	66,500	- 5.3
TOTAL ALL RVs	40,400	39,700	+ 1.8	142,600	138,000	+ 3.3

Meanwhile, RV manufacturers wholesaled more than 40,000 units in April, reaching that level for the first time in nearly three years.

April shipments of 40,400 units were up 1.8 percent over a year ago, according to RVIA.

For the first four months of 1987, industry shipments totaled 142,600 units, up 3.3 percent over last year.

All categories except van conversions showed increases in April, RVIA said.

Van conversion shipments totaling 16,700 units were off 8.2 percent from their year-ago total in April.

Their four-month total of 63,100 was off 5.3 percent from 1986.

Van chassis with seat-delete options, shipped by the four major domestic van suppliers to their pool accounts, continued to rise, though, portending a future upturn in conversion shipments.

Van converters typically order such units for the work they do.

In April, the four domestic van manufacturers shipped 3,300 compact vans without seats to converters, 17.9 percent more than the 2,800 shipped last year.

For four months of 1987, manufacturers shipped 13,000 compact vans with the seat-delete option to converters, a 22.6 percent increase over the 10,600 shipped last year.

Similarly, manufacturers shipped 16,300 standard-size vans without seats to converters in April, 46.9 percent more than the 11,100 units they shipped a year earlier.

For four months of this year, van manufacturers shipped 58,900 full-sized vans without seats to converters, 25.6 percent more than they shipped last year.

Van manufacturers shipped 19,600 seatless vans to converters in April, 41.0 percent more than last year. And they shipped 71,900 vans to converters for the first four months of the year, a 25.0 percent increase over last year.

In RVIA's tally of wholesale shipments by manufacturers to dealers, truck campers continue to stand out.

RV manufacturers wholesaled 1,200 truck campers in April, 50 percent more than last year. And they shipped 3,700 truck campers for the first four months of the year, up 54.2 percent over the year-earlier total.

Truck campers are part of the "towable" segment of RVs, which also includes travel trailers and folding camping trailers.

Towable RV shipments in April totaled 16,200, up 11.0 percent from a year ago. For four months of this year, towable RV shipments of 54,000 were up 10.4 percent from a year ago.

Motor home shipments, totaling 7,500 in April, were up 8.7 percent from a year ago. For four months, their total of 25,500 was up 13.3 percent from a year-earlier.

Ford studies more sharing of light platforms, parts

RV TRENDS

JOSEPH BOHN

Cost containment being the key to success in the truck business, Ford is studying common platforms and parts for some of its future light-duty products.

Ray Pittman, compact business planning and vehicle engineering program director for Ford Division, said a simplified "bag of parts" could be used to build a number of base vehicles and derivatives.

Pittman said that Ford's F-series pickups, which have the highest sales volume in the industry, share common parts.

"We thought, then, how can we expand that concept to include vans and utilities and have only what we call 'meaningful complexity?' "

Meaningful complexity, Pittman said, would mean only necessary appearance and functional differences.

Currently, the Ranger and Bronco II share a platform and body-on-frame construction.

The Aerostar, which was Ford's first unibody-construction truck, uses a different platform.

Platforms for Ford pickups and sport-utility vehicles generally are the same; while Ford vans have their own platforms. Ford is studying the idea of using a common platform for all its compact trucks, including vans.

A body-on-frame design is the most natural for trucks, Pittman said, pointing out that it "gives you a lot more flexibility in ride, handling and quietness."

In its future product plans, Ford also appears to be leaning toward a new extended Aerostar model.

It might be argued that a maxi version of Aerostar would overlap with the smallest of Ford's current full-sized Econoline vans/wagons.

But, as Pittman pointed out, "Customers see it quite differently. We thought the small van would substitute for the full-sized vans, but that hasn't been the case.

"Nothing is 100 percent; but the drawdown from Econoline, from our standpoint, hasn't been visible at all," he added.

Some 90 percent of Aerostars are being produced as people carriers, with 60 percent of the drivers being women who typically haul children and groceries. The small Econoline van appeals mainly to contractors and other kinds of commercial users.

So, "the logical thing is to expand it (Aerostar)," Pittman added.

With all the interest in front-wheel-drive and multipurpose vehicles, Ford is also continuing to look at a new, smaller, front-drive van. "The next time we make a major change in the van, it's a very serious consideration," Pittman said.

Officials expect value-equipped and priced trucks to become hot marketing items in the 1988 model year, particularly if the market softens and competition continues to heat up.

AUCTION DATES

American Motors

June 30 — D-A Auto Auction, New Stanton, Pa.

July 1 — Minneapolis Auto Auction, Plymouth, Minn.

July 2 — Greater Chicago Auto Auction, Chicago, and Corry Auto Auction, Corry, Pa.

July 7 — Statesville Auto Auction, Statesville, N.C., and Aptco Auto Auction, Taylor, Mich.

July 8 — Columbus Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

July 9 — Evansville Auto Auction, Evansville, Ind.

July 14 — D-A Auto Auction, New Stanton, Pa.

July 15 — Minneapolis Auto Auction, Plymouth, Minn.

Chrysler Corp.

June 30 — Florida Auto Auction of Orlando, Ocoee, Fla.; Aptco Auto Auction, Taylor, Mich.; NuCarPrep System, Santa Fe Springs, Calif.; Hatfield Auto Auction, Hatfield, Pa.; and Dallas Auto Auction, Grand Prairie, Texas

July 1 — South Seattle Auto Auction, Kent, Wash.; A.D.E. of Alabama, Boaz, Ala.; Columbus Fair Auto Auction, Obetz, Ohio; and Southern Auto Auction, Warehouse Point, Conn.

July 2 — Fredericksburg Auto Auction, Fredericksburg, Va., and St. Louis Auto Auction, Bridgeton, Mo.

July 7 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

July 8 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

July 9 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

Ford Motor Co.

July 1 — Southern California Auto Auction, Fontana, Calif.

July 2 — Southwest Auto Auction, Phoenix, Ariz.

July 7 — Harrisonburg Auto Auction, Harrisonburg, Va.

July 8 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; and Salt Lake Auto Auction, Salt Lake City

July 9 — Nashville Auto Auction, Nashville, Tenn., and Bay Cities Auto Auction, Inc., Hayward, Calif.

July 10 — Interstate Auto Auction, Mercer, Pa.

General Motors

July 7 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and 166 Auto Auction, Springfield, Mo.

July 8 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern Auto Auction, Fontana, Calif.; and Minneapolis Northstar Auto Auction, Shakopee, Minn.

July 9 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

Used Car Sales
Auction Averages

June, 1987	$5,900
Month ago	$5,871
Year ago	$5,176

Model Breakdown
Auction Averages

	JUN 1987	MAY 1987	APR 1987
1987	$11,113	$11,046	$13,266
1986	$9,187	$9,287	$9,460
1985	$7,191	$7,194	$7,236
1984	$5,727	$5,718	$5,732
1983	$4,852	$4,873	$4,842
1982	$3,687	$3,705	$3,727
1981	$2,680	$2,705	$2,635
1980	$2,134	$2,141	$2,170
Overall Average	$5,900	$5,871	$5,832

Fruehauf moves to reduce debt

Firm aims to cut $1 billion load incurred in balking takeover

By Theodore G. Coutilish
SPECIAL CORRESPONDENT

TROY, Mich. — At its annual shareholders' meeting, Fruehauf Corp. revealed consolidation and divestiture plans designed to reduce its debt of $1 billion.

The company took on the debt in a leveraged buyout last year that thwarted a hostile takeover bid by New York corporate raider Asher B. Edelman.

In December 1986, a group of Fruehauf managers and Merrill Lynch & Co. bought the company.

Since then, Fruehauf has cut its debt by $450 million by selling off a finance subsidiary and two truck-trailer operations.

Although the Detroit-based company posted a $61 million loss in 1986 and a $5.7 million loss during the first quarter of this year because of interest expense from the buyout, Fruehauf's management is optimistic.

T. Neal Combs, president and chief administrative and financial officer, told stockholders "the new Fruehauf is alive and well."

"The key to success in the long run is not a shrinking company but rather growth through focusing on the core businesses," he said.

Those core businesses — truck trailer and automotive operations — will continue to operate no matter what, he promised.

To reduce debt, Combs said Fruehauf is considering selling inventory, real estate and equipment.

"The name of the game at this point is positive cash flow so that we are in a position to reduce the (debt) levels and the accompanying interest cost," he said.

Calling 1986 a year of restructuring, Leon Alexander, president and chief executive officer of trailer operations, said the company saved $35 million by merging departments and divisions, restructuring branch sales and service networks and permanently closing assembly plants in Fort Wayne, Ind., and Milan, Mich.

Looking ahead, Alexander said he sees a bright future for the 84-year old company.

"We expect business to remain strong through 1987 and 1988," he said. "We've increased our share of the market by 15 percent, and our international trailer operations improved in 1986. We have an excellent order backlog and there has been an upturn in demand for our construction-related dump, platform and tank trailers."

The 1990s look even brighter, he told shareholders.

New product lines in sensors, domestic containers and aluminum wheels are on the drawing board, he said.

Growth prospects include upgrading of current facilities, an improved dealer development program and emphasis on research and development.

Fruehauf recently announced plans to build a new automotive parts plant. Although a site has not been selected, the plant will produce electronic automotive sensors through Fruehauf's Kelsey-Hayes subsidiary. The sensors use computer technology to gauge such factors as oil temperature and speed in cars.

Kelsey-Hayes President Bob Siefert said the company has been the leader in designing products such as anti-lock brakes. He said Ford Motor Co. and General Motors agreed to put its two-wheel anti-lock brake system on nearly all of their light trucks in 1989. He added that by the 1990 model year, two-wheel anti-lock brake systems will be standard equipment on most light trucks made in America.

Fruehauf is a manufacturer and distributor of transportation equipment and components within the truck trailer, automotive, maritime and aerospace industries. Employment is approximately 26,000 worldwide.

Hyundai Canada, 45 dealers buy Tricom

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

In an unusual move, Hyundai Auto Canada Inc. and 45 Canadian dealers have teamed up to buy the computer network of Tricom Automotive Dealer Systems Inc.

The purchase, through a liquidation sale, has allowed the 140 General Motors, Hyundai Canada and other dealers on the system to survive Tricom's demise with little impact, said Wayne Gilbert, manager of management information systems for Hyundai Canada.

The new owners have retained Leasecorp Systems Ltd., of Mississauga, Ontario, to manage the operation.

Hyundai, which owns 50 percent of the venture, said that 45 of its 190 Canadian dealers are on the system. The other half is held by a group of 45 dealers, most of them with GM franchises.

One advantage of the setup is that the dealers will have a direct voice in how the network runs, said Ian Mead, vice president of Leasecorp. A council made up of five Hyundai dealers and five GM dealers will determine the direction of the business.

"I think in the long run the product will be more conducive to what dealers want," Mead said. Leasecorp will make most of the day-to-day operating decisions.

In addition to its role in providing financial packaging and acquiring the IBM/36 hardware for the system, Leasecorp will also handle the marketing, Mead said.

Most of its initial thrust will be in Canada, where many dealerships haven't been computerized. Eventually, it hopes to challenge industry leaders ADP and Reynolds & Reynolds in Canada. Later, it expects to broaden its U.S. presence, where the network now serves about 30 dealers.

Leasecorp also will keep a share of the venture's profits and distribute a share back to the system's owners.

Tricom, based in Hayward, Calif., was known as Tricom Systems Corp. until its 1985 purchase of Toronto-based Automotive Dealer Systems Inc. and ADS Computer Services Inc. The company had begun marketing the ADS system in the United States until going out of business in April, according to Mead.

About 18 Tricom employees have been picked up by Leasecorp.

Hyundai Canada calls the service the Hyundai Dealer Management System. The GM dealers and other dealers know it as the Automotive Dealer Management System.

Hyundai Canada also is expected to make an announcement soon about plans to install a computer communications system between its dealers and its Markham, Ontario, headquarters.

AUCTION DIRECTORY

PENNYSYLVANIA

Hatfield Auto Auction
Route 309, Box 309
Hatfield, Pa.
FLEET & LEASE
From quick pickup to condition report to recon to sale. 21 years servicing the industry. Contact: Paul Cleveland or Mort Gallub.
215-822-1935
Sale Every Tuesday, 11 A.M.

TEXAS

Fort Worth Auto Auction, 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

TEXAS

DEALERS AUTO AUCTION
Dallas County, Texas 214-642-3900
Sale Every Tuesday, 11 A.M.
Full service auction. Fleet & Lease. 400 repossessions selling weekly. 4 Lanes. Ford Motor Credit, General Electric, Chrysler Credit, Citicorp Acceptance Corp., Nissan Credit, Toyota Credit, Valley Bank, Banks & Financing Companies, etc.
Contact: Donny Gibson or Grady Gibson
Member of NAAA & WAAA

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, all leasing, AMC. 414-835-4436, Caledonia, Wisconsin.

AUCTION NEWS

West Palm Beach Auto Auction, West Palm Beach, Fla., has moved to a new facility. The auction, a subsidiary of **Anglo American Auto Auctions Inc.**, features six lanes and can handle 1,800 cars per week.

GE Credit Auto Auctions has acquired three more auto auctions and now owns 11. The new auctions are **Minneapolis Auto Auction**, Minneapolis; **Newburgh Auto Auction** (formerly Northeast Auto Dealers Exchange), Newburgh, N.Y.; and **Portland Auto Auction**, Portland, Ore. "These latest acquisitions further solidify our presence in the auto auction business," said Mike Zafirovski, president and general manager of General Electric Credit Auto Auctions, a subsidiary of General Electric Credit Corp. GE Credit Auto Auctions began purchasing auto auctions in 1985. Currently, it anticipates selling more than 400,000 units during 1987.

Harrisonburg Auto Auction, Harrisonburg, Va., was the site of the largest Ford factory sale ever, according to Jim Wheatley, the auction's general manager. Wheatley said 835 cars and trucks were sold for $8,205,800 to the 167 dealers who were in attendance from 19 states.

That convertible look
E&G Classics Inc., Columbia, Md., is offering a simulated convertible top for the Oldsmobile Toronado.

Taiwan ventures interest Magna

MARKHAM, Ontario — Magna International Inc. is exploring the possibility of joint ventures with auto parts firms in Taiwan.

Magna, Canada's largest parts company, would use the ventures as low-cost sources for some components, said Stephen Rodgers, director of planning. It would likely use those parts in modular assemblies for automakers.

Rodgers said Magna has had questions about quality and availability in its search for components. A joint venture would help answer those concerns by giving Magna a voice in production.

Although Magna isn't negotiating with any company right now, it could have a deal within five months, Rodgers said. Magna is also looking for similar opportunities in South Korea.

Lataif says Ford stocks are 'perfect'

By David Versical
AUTOMOTIVE NEWS STAFF REPORTER

DEARBORN, Mich. — Ford Motor Co. believes it is in ideal strategic position as it prepares to shed inventory over coming months and make way for this fall's 1988 lineup.

Ford had a 71-day supply of domestic cars at the start of June, lower than Chrysler Motors' 82-day stock and General Motors' 87-day inventory. "That's a perfect position for us at this time of year," Louis E. Lataif, vice president of North American sales operations, said in an interview last week.

Automakers are again paying close attention to their inventory levels this summer, as sales lag despite incentive programs.

Total car sales were down 10.7 percent through the end of last month. Inventories of U.S.-built cars were 15 days above year-ago levels at 77 days. Stocks of imported cars, too, have climbed from a 41-day supply last June 1 to 60 days this year.

The industry is in worse shape in 1987 in part because consumer tax refunds have not been as high as they have been in the past, said Thomas O'Grady, president of Integrated Automotive Resources Inc., Wayne, Pa.

He expects a round of strong incentives to begin within two or three weeks, with GM likely taking the lead in trimming its stock and the other automakers following. Ford and GM will want to maintain a higher-than-usual supply — perhaps 80 days worth of cars — to protect against a possible UAW strike in September, he said.

AUTOMOTIVE NEWS/JOE WILSKERS

Lataif: "You can expect us to be every bit as competitive as we've been, in terms of trying to neutralize whatever any of our major competitors do."

But O'Grady said the makers do not want to go into the strike period with incentives, so he expects the annual cleanup programs to begin earlier than usual.

O'Grady gave Ford credit for managing its inventory well. Not only has its car stock been lower than that of its U.S. rivals, but the company has been able to avoid buildups on its slower-moving lines, O'Grady said. The Ford product with the highest supply, the Mercury Sable (119 days), has been selling well.

While Ford is not expected to lead the way on any new incentives, Lataif made it clear that the company will respond to protect its market share.

"I think you can expect us to be every bit as competitive as we've been, in terms of trying to neutralize whatever any of our major competitors do," he said.

The combination of steady Ford sales and a declining industry has boosted Ford's share to 20 percent of the U.S. car market and 30 percent in trucks. Ford officials set that goal 15 months ago, when its respective shares ran at about 17 and 27 percent. If Ford can hold its current levels for a year, Lataif said, it then will set its targets higher.

Lataif predicted combined U.S. car and truck sales will come in at about 15 million units in 1987. He said car sales have been weaker and truck sales have been stronger than expected.

Cash and cheap loans fail to halt sales slide

By Karen Detkowski
AUTOMOTIVE NEWS STAFF REPORTER

Although sales incentives were extended and were in full force during the June 11-20 period, domestic new-car sales dipped 11.33 percent below the 1986 total.

With nine selling days both years, domestic-car sales dropped to 223,376 from last year's 251,920.

The mid-June daily selling rate was 24,820, down from 27,991 in the comparable period of 1986. The June 1-10 rate was 23,189, based on sales of 208,699.

Domestic sales since Jan. 1 totaled 3,417,873, down 11.77 percent from 3,873,974 in the year-ago period.

Showing sales increase for mid-June were Honda, up 60.58 percent over the 1986 span, and Ford Motor Co., up 14.13 percent. Ford's total of 68,232 was its highest mid-June figure since since 1978 when 83,214 cars were sold. Nissan sold 4,332 U.S.-built cars, compared to 78 in 1986 when its plant was down for retooling.

American Motors' sales dipped 63.27 percent, and there were declines of 18.76 percent for Chrysler Motors, 22.57 percent for General Motors and 21.96 percent for Volkswagen. Toyota reported sales of 1,198 U.S.-built cars this year; it was not selling such cars at this time in 1986.

Despite incentives, sales were down for all Chrysler Motors and GM makes. The Chrysler declines amounted to 23.70 percent for Plymouth, 17.08 percent for Chrysler and 15.81 percent for Dodge.

Sales dips at GM were 37.67 percent for Pontiac, 24.08 percent for Chevrolet, 23.64 percent for Oldsmobile, 13.52 percent for Buick and 8.23 percent for Cadillac.

All three Ford Motor Co. makes reported increases for mid-June. Lincoln was up 35.68 percent over last year; Ford climbed 15.89 percent; and Mercury rose 3.45 percent.

DOMESTIC SALES

	June 11-20, 1987	June 11-20, 1986
Renault		
Alliance-Encore	345†	1,320†
AMC	150†	300†
American Motors	595	1,620
Chrysler	8,394	10,087
Plymouth	8,585	11,251
Dodge	11,052	13,129
Chrysler Motors	28,031	34,467
Ford	46,924	40,489
Mercury	15,842	15,120
Lincoln	5,866	4,176
Ford Motor Co.	68,232	59,785
Buick	15,781	18,249
Cadillac	6,513	7,097
Chevrolet	43,916	57,850
Oldsmobile	22,478	29,438
Pontiac	22,719	36,452
General Motors	111,407	149,086
Volkswagen	1,365	1,749
Honda	8,246	5,135
Nissan	4,332	78
Toyota	1,198	0
U.S. Industry Total	223,376	251,920

† = Estimate

LEADER

FROM PAGE 1

year was similar to that of last month, with Ford outselling Chevrolet by 2,242 domestic cars.

Look at the 1987 model year so far: Ford dealers have outpaced their Chevrolet counterparts in six of the last eight months in sales of domestic passenger cars. The model-year totals (Oct. 1 to May 31) were: Ford, 924,702; Chevrolet, 886,302. Ford amassed much of its lead in December when it outsold Chevrolet by 23,000 cars.

The last time Ford outsold Chevrolet for the calendar year was 1959, but that was due largely to a steel industry strike that Ford sidestepped through ownership of its steel works in the Rouge complex.

Ford Division also beat Chevrolet in 1957. That year, Ford's leading lines had major restyling while its chief competitor's cars received only a facelift.

In those days, the auto arena was far less crowded, and the Ford vs. Chevrolet contest was more tense. If a person decided not to buy a Chevrolet, it was much more likely a Ford would be purchased than it is today with many more competitors.

Louis E. Lataif, sales operations vice president, Ford North American Automotive Operations, looked at the competitive situation from his perspective.

"There are a lot of dynamics in the marketplace," he said. "What we have said is, it's fun to have the trophy of being the largest division or achieving a specific goal but, in fact, the competition is no longer Ford, General Motors and Chrysler; it's a much broader base of competition."

Lataif also told Automotive News, "It's not inappropriate for us to have some specific targets, but the typical buyer is not saying, 'Shall I buy a Ford or a Chevy?' any longer. He's buying from a wide bunch of choices. And, to the extent more of them decide Ford's a good car, our numbers go up. To the extent that they decide Chevrolet is not quite so desirable, Chevy's numbers go down. Some of the rest is mathematical fallout."

Lataif said of Ford's current lead over Chevy, "It's a very important achievement because it's something we've wanted for a very long time. The Chevrolet and the GM team is an extraordinarily talented group. It's fun to beat somebody who's very good.

"But when I think as a marketer about what customers are thinking, this is just internal gamesmanship. We're just talking to each other in the industry. The customers just want to buy good cars at a good value for the money, and there are a lot of brands to pick from, and there aren't just Ford and Chevy any longer. There's a whole host of names to select from."

Ford consistently has done even better in pickup trucks, vans and utility vehicles than it has in cars in competition with Chevrolet.

The division outsold Chevrolet in 1986 with deliveries of 1,324,885 light trucks to Chevrolet's 1,229,437. It also outsold Chevrolet in 1984, 1983 and 1981. And, for the first five months of 1987, Ford led by a robust 110,011 units with 574,903 deliveries against Chevrolet's 464,892.

A Ford man mused, "At one time, Detroit wondered if Ford Division would beat Chevrolet in trucks. That came to pass. Now, Detroit is wondering if we can pass General Motors in trucks, and we're close."

In the first five months of this year, GM's light-truck sales — Chevrolet and GMC — totaled 587,061 units while Ford's totaled 574,903, a difference of 12,158. In the first five months of 1986, Chevrolet and GMC sold 643,945 units and Ford sold 531,993, a difference of 111,952 units in GM's favor.

Chevrolet's total car sales, of course, include Sprint and Spectrum from Japan. With those cars added to its domestic sales, Chevrolet outsold Ford in 1986 by 321,698 cars.

Chevrolet dealers sold 9,294 Sprints and Spectrums in May and 49,265 in the first five months of 1987, so Chevrolet led Ford in overall car sales for both periods.

Ford dealers had no captive import until the introduction of the Festiva from Korea in May. The division expects to sell 35,900 Festivas this calendar year.

Automotive News Staff Reporter David Versical and Statistician Karen Detkowski contributed to this report.

CHINA

FROM PAGE 1

their car, it would be a significant move."

First Autoworks is the largest automaker in the People's Republic of China.

Whether or not the deal is consummated, Chrysler is likely to have a Chinese connection. Its planned acquisition of American Motors would give it an equity stake in Beijing Jeep Corp., the Chinese builder of four-wheel-drive vehicles.

The Dodge 600 four-door sedan is a six-passenger vehicle which was introduced in October 1982, as a 1983 model. Its companion E-body cars in the Chrysler lineup are the Plymouth Caravelle and Chrysler New Yorker. All are assembled at the Jefferson Avenue plant in Detroit.

Chrysler intends to keep the E-bodies in the 1988 model year with minimal exterior design changes, although it earlier had planned to end production of the models after the 1987 model year.

The powerplants, first introduced in Chrysler's K-car, are manufactured at Chrysler's Trenton, Mich., engine plant.

Ford's Petersen elected MVMA chairman

DETROIT — Donald E. Petersen, chairman and chief executive officer of Ford Motor Co., has been elected chairman of the Motor Vehicle Manufacturers Association.

He succeeds Donald D. Lennox, former chairman and chief executive of Navistar International Transportation Corp., for the one-year term, effective July 1.

Thomas H. Hanna, MVMA president and chief executive, was re-elected.

Elected to three-year terms on the MVMA board of directors were Bjorn Alhstrom, president and chief executive, Volvo North America Corp.; Gerald Greenwald, chairman, Chrysler Motors; Philip A. Hutchinson Jr., vice president — industry/government relations, Volkswagen of America; Shoichiro Irimajiri, president, Honda of America Manufacturing; and Robert C. Stempel, the president-elect of General Motors.

Elected to a two-year term was Donald J. Atwood, GM vice chairman.

In addition to Petersen and Hanna, the directors who will continue on the board are: Betsy Ancker-Johnson, vice president — Environmental Activities Staff, General Motors; Joseph E. Cappy, president and chief executive, American Motors; Jose J. Dedeurwaerder, vice chairman, American Motors; Lee A. Iacocca, chairman and chief executive, Chrysler Corp.; and Robert A Perkins, vice president — Washington office, Chrysler Corp.

Also, Helen O. Petrauskas, vice president — Environmental and Safety Engineering Staff, Ford Motor Co.; Noel Phillips, president and chief executive, Volkswagen of America; Harold A. Poling, president and chief operating officer, Ford Motor Co; Roger B. Smith, chairman and chief executive, General Motors; and Neil A. Springer, president and chief operating officer, Navistar International Transportation Corp.

MVMA members are AMC, Chrysler Corp., Ford, GM, Honda of America Manufacturing, M.A.N. Truck & Bus Corp., Navistar International Transportation Corp., PACCAR, Volkswagen of America and Volvo North America Corp.

PRODUCTION

Cars hold at 152,000

By Kathy Barbaglia
AUTOMOTIVE NEWS STAFF REPORTER

Domestic auto production continues to trail the 1986 weekly totals because of downtime at several plants.

Last week's targeted output of 152,099 dipped slightly (0.43 percent) from the previous week's 152,750 and was 13.44 percent below the year-ago week's 175,718.

So far this year, 3,869,929 cars have been assembled, 8.99 percent below the 4,252,322 assembled last year at this point.

Companies shared last week's production as follows: General Motors, 51.89 percent; Ford Motor Co., 24.48 percent; Chrysler Motors, 13.61 percent; Honda of America Manufacturing Inc., 4.31 percent; New United Motor Manufacturing Inc., 2.47 percent; Nissan Motor Manufacturing Co. U.S.A., 1.93 percent; and Volkswagen of America, 1.31 percent.

As previously reported, American Motors has ended output of its 1987 Alliance line.

GM's Doraville, Ga., and Lordstown, Ohio, plants closed June 26 for model changeover. Output at Lordstown is expected to resume Aug. 24, and Doraville will be down until November.

GM's Fiero plant in Pontiac, Mich.; its Detroit-Hamtramck plant (excluding the Allante line); and the Clark Avenue plant in Detroit shut down today for model changeover.

The Clark Avenue plant is scheduled to resume operations July 22, and the Fiero and Detroit-Hamtramck plants are scheduled to re-open Aug. 24.

GM's Oklahoma City plant resumed production today. The plant had been idle for one week to adjust inventories.

All Ford plants closed today for vacation. They will reopen July 13.

Chrysler's Newark, Del., assembly plant closed today and will be idle until July 20 for model changeover.

As previously mentioned, Chrysler's Belvidere, Ill., plant is idle for model changeover until mid-July.

Chrysler's St. Louis (No. 1) and Sterling Heights, Mich., are slated for daily overtime this week.

Week's truck build off 3%

Last week's domestic truck production totaled 75,121. It was 3.43 percent below the previous week's 77,791 but 0.43 percent more than the year-ago week's 74,803.

Year-to-date, 1,891,405 trucks have been assembled, 2.05 percent more than the 1,853,491 built last year at this time.

All Ford truck plants closed today for vacation. The plants are expected to resume operations July 13.

Three General Motors plants were scheduled to work last Saturday — Detroit; Flint, Mich.; and Pontiac, Mich. (medium-duty line).

Canada cars far below '86

Canadian auto production was scheduled at 18,038 units last week, 1.42 percent below the previous week's 18,298 and 25.56 percent below the year-ago week's 24,560.

So far this year, 418,201 cars have been assembled, 29.35 percent below the 591,952 completed last year at this point.

Truckmakers targeted production of 18,988 units last week, 4.41 percent more than the prior week's 18,186 and 14.63 percent more than the year-ago week's 16,564.

Year-to-date, 416,202 trucks have been built, 12.63 percent below the 476,370 assembled last year at this time.

CANADIAN CAR	Week Ended June 27, 1987	Week Ended June 28, 1986	Week Ended June 20, 1987	June est.	Jan. 1 to June 28, 1986	Jan. 1 to June 27, 1987
AMERICAN MOTORS	0	0	93	200	2,405	2,858
FORD MOTOR	10,675	11,292	10,829	43,992	284,021	288,530
GENERAL MOTORS	6,738	13,043	6,778	25,847	299,975	137,957
HONDA	400	0	373	1,433	0	3,548
VOLVO	225	225	225	900	5,551	5,310
Total Cars, Canada	18,038	24,560	18,298	72,372	591,952	418,201
U.S. TRUCK*	**Week Ended June 27, 1987**	**Week Ended June 28, 1986**	**Week Ended June 20, 1987**	**June est.**	**Jan. 1 to June 28, 1986**	**Jan. 1 to June 27, 1987**
CHEVROLET	20,336	22,546	19,740	80,108	622,300	550,325
DODGE	7,600	4,051	8,354	30,529	33,846	138,754
FORD	29,464	25,140	30,125	121,746	754,819	761,272
GMC	7,850	7,547	8,177	31,412	184,909	190,345
NAVISTAR	1,675	1,630	1,672	6,678	36,814	38,508
JEEP	3,656	3,718	5,130	17,657	95,797	108,666
NISSAN	1,790	3,621	1,843	7,207	64,334	42,333
AM GENERAL*	450	50	450	1,800	1,272	6,000
MISCELLANEOUS*	2,300	2,300	2,300	9,200	57,400	55,200
Total Trucks, U.S.	75,121	74,803	77,791	309,336	1,853,491	1,891,405
CANADIAN TRUCK	**Week Ended June 27, 1987**	**Week Ended June 28, 1986**	**Week Ended June 20, 1987**	**June est.**	**Jan. 1 to June 28, 1986**	**Jan. 1 to June 27, 1987**
AMERICAN MOTORS	775	893	776	3,101	13,254	16,785
CHRYSLER	8,494	6,277	8,537	34,150	217,769	206,593
FORD	3,648	3,447	3,539	13,781	90,934	79,779
GENERAL MOTORS	5,845	5,746	5,103	20,988	160,222	108,231
NAVISTAR	226	201	226	899	5,092	4,924
Total Trks., Canada	18,988	16,564	18,186	72,909	476,370	416,292
N. Am. Trucks	94,109	91,367	95,977	379,245	2,329,861	2,307,697

U.S. CAR	Week Ended June 27, 1987	Week Ended June 28, 1986	Week Ended June 20, 1987	June est.	Jan. 1 to June 28, 1986	Jan. 1 to June 27, 1987
AMERICAN MOTORS	0	0	0	673	28,595	15,539
Renault Total	0	0	0	673	28,595	15,539
Alliance	0	0	0	673	25,329	15,539
Encore	0	0	0	0	3,266	0
CHRYSLER MOTORS	20,700	30,641	23,834	90,295	715,407	583,890
Plymouth Total	5,400	8,850	5,638	22,616	213,940	177,927
Horizon	0	3,403	0	0	84,204	32,997
Sundance	1,800	316	2,188	7,765	922	53,083
Reliant	2,500	3,873	2,316	10,142	92,329	61,346
Caravelle	1,000	742	1,055	4,190	26,829	28,220
Gran Fury	100	514	79	519	9,656	2,281
Chrysler Total	7,800	9,064	9,506	35,005	233,459	192,006
Laser	0	743	0	0	25,336	0
LeBaron K	1,200	2,392	1,596	6,431	59,699	42,301
LeBaron J	3,300	0	4,102	13,224	0	61,622
LeBaron GTS	700	1,706	1,125	3,828	34,531	22,167
N. Yorker/E-Class	1,500	1,447	1,711	6,568	45,583	43,619
Fifth Avenue	1,100	2,776	972	4,954	68,310	21,699
Dodge Total	7,500	12,727	8,690	32,674	268,006	213,955
Daytona	1,700	1,103	2,044	6,662	27,422	30,347
Omni	0	3,971	0	0	78,325	28,363
Shadow	2,200	255	2,628	9,361	862	54,297
Aries	1,900	3,416	2,043	8,909	70,367	57,603
Dodge 600	900	1,751	1,015	3,961	43,568	25,208
Lancer	600	1,003	641	2,429	29,039	14,136
Diplomat	200	1,228	319	1,352	18,425	4,001
FORD MOTOR	37,228	38,622	39,010	155,832	943,389	996,278
Ford Division	27,834	26,440	27,308	113,636	644,123	702,420
Escort	8,674	7,951	7,518	34,011	203,967	191,135
Mustang	4,485	3,786	4,498	18,037	100,904	110,342
Tempo	3,011	3,967	3,707	14,476	105,548	97,391
Taurus	7,989	7,690	7,941	31,899	148,717	218,667
Thunderbird	3,695	3,046	3,644	15,213	84,987	84,865
L-M Division	9,394	12,182	10,702	42,196	299,266	293,858
Mercury Total	6,351	8,541	6,623	26,935	205,323	200,347
Lynx	250	1,456	210	899	34,156	20,017
Capri	0	744	0	0	9,311	0
Topaz	949	1,297	1,381	5,346	31,817	32,062
Cougar	2,528	3,023	2,437	10,213	65,613	78,779
Sable	2,624	2,021	2,595	10,477	64,426	69,489
Lincoln Total	3,043	3,641	4,079	15,261	93,943	93,511
Continental	255	400	472	1,542	10,585	9,373
Lincoln	2,367	2,738	3,058	11,529	70,473	70,218
Mark VII	421	503	549	2,190	12,885	13,920
GENERAL MOTORS	78,931	95,910	75,706	300,004	2,309,294	1,903,720
Buick Total	12,811	19,407	13,755	48,468	404,320	301,729
Skyhawk	618	1,960	342	1,541	45,545	15,786
Century	2,772	5,038	3,890	12,173	128,777	92,313
Regal	952	2,235	948	3,825	94,381	23,332
Somerset/Skylark	1,140	2,822	1,135	4,628	56,470	36,584
LeSabre (fwd)	4,550	5,039	4,662	17,737	67,076	69,123
LeSabre (rwd)	138	317	81	333	7,553	5,237
Electra (fwd)	2,400	1,233	2,443	7,252	51,364	51,116
Riviera	241	763	254	979	13,154	8,238
Cadillac Total	5,411	8,178	5,393	21,710	176,3[illegible]	151,814
Cimarron	206	644	181	752	14,345	7,409
Allante	150	0	135	571	0	2,078
Brougham (rwd)	1,080	2,158	1,000	4,266	49,102	38,089
DeVille (fwd)	2,884	4,029	2,903	11,721	89,003	81,728
Eldorado	573	673	606	2,313	12,697	10,131
Seville	518	674	563	2,087	11,242	12,379
Chevrolet Total	26,162	26,283	28,331	105,396	716,565	715,066
Chevette	0	2,154	0	0	57,475	0
Camaro	3,502	4,117	3,382	11,109	105,703	56,119
Cavalier	8,344	8,743	8,471	33,260	219,435	189,611
Celebrity	650	4,728	5,717	18,042	147,685	176,147
Corsica/Beretta	7,250	0	7009	25,314	0	140,884
Monte Carlo	1,178	2,325	1,204	4,846	56,186	37,006
Chevrolet	4,588	3,572	1,928	10,254	115,591	100,005
Corvette	640	846	640	2,571	14,490	15,294
Oldsmobile Total	17,334	22,187	15,380	64,247	573,728	365,675
Firenza	709	380	621	2,373	22,449	6,273
Calais	3,660	2,017	3,636	14,833	64,829	68,245
Cutlass Ciera	4,996	6,088	5,161	19,932	141,939	96,400
Cutlass Supreme	1,890	1,942	1,870	7,241	82,086	37,637
88 (fwd)	4,095	6,554	2,171	12,253	181,840	98,049
88 (rwd)	510	509	412	1,898	11,732	9,972
Olds 98	956	2,156	965	3,627	59,355	35,740
Toronado	518	541	544	2,090	9,488	9,752
Pontiac Total	17,213	19,855	12,847	80,183	436,292	369,436
Acadian*	0	647	0	0	10,011	0
Fiero	1,192	1,736	982	4,237	40,302	20,275
1000	0	1,304	0	0	18,080	0
Firebird	2,142	3,682	2,058	6,806	61,499	40,986
2000 Sunbird	2,264	3,283	2,524	9,413	74,641	59,094
Grand Am	6,220	4,890	5,163	23,868	115,000	132,935
6000	2,045	3,308	1,995	6,099	79,352	42,175
Bonneville	3,125	0	0	9,210	0	68,561
Safari/Parisienne	225	1,005	125	552	37,407	5,400
HONDA	6,550	4,890	6,281	26,171	96,719	163,801
Chic	2,350	0	2688	11,104	0	55,539
Accord	4,200	4,890	3,573	15,067	96,719	108,262
NISSAN	2,940	0	2,957	11,831	21,517	70,724
SUMMI	3,750	3,832	3,992	15,837	91,108	66,462
Corolla	750	0	880	3,397	0	19,939
Nova	3,000	3,832	3,103	12,440	91,108	76,523
VOLKSWAGEN	2,000	2,023	1,999	8,028	46,293	39,515
Golf/GTI	1,750	2,023	1,749	7,028	46,293	33,364
Jetta	250	0	250	1,000	0	6,151
Total Cars, U.S.	182,099	175,719	182,750	699,671	4,252,322	3,869,929
Total Cars, Canada	18,038	24,560	18,298	72,372	591,952	418,201
U. American Cars	170,137	200,278	171,046	681,043	4,844,274	4,288,130
N. Am. Trucks	94,109	91,367	95,977	379,245	2,329,861	2,307,697
North American Cars and Trucks	264,246	291,645	267,023	1,060,288	7,174,135	6,595,827

OUTPUT

FROM PAGE 1

If Ford or GM is struck, third-quarter production would be reduced, he said. A four-week strike at GM would "rescue" the industry, he said.

He estimates the UAW has a strike fund of $675 million, sufficient to last 12 weeks against GM.

Michael Luckey, analyst at Shearson Lehman Brothers, also said the third-quarter forecast needs to be cut by about 225,000 cars.

Luckey said the bulk of the needed cuts will have to come from GM's schedule. Extended downtime, small cutbacks and more incentives will be used if GM wants to retain its market share, he said.

GM may not even mind a strike to help its situation, Luckey said.

Ford's production schedule is in good shape, said Luckey. Its inventory is manageable, and if it decides it will be the strike target, it may even add to its third-quarter schedule, he said.

Chrysler had 79,000 units more than normal at the end of May and its market share is down, due in part to the halt of Omni/Horizon production, Glantz said.

"They will have to do something about the LeBaron Coupe built at St. Louis (No. 1), it is a disaster," he said.

In May, dealers were able to sell only 35 percent of the LeBaron Coupes delivered to them. Sales were 5,805 and they received 16,486 — leaving a 143-day supply of a brand-new car, Glantz said. That plant might see an extended shutdown, he said.

Other factors affecting third-quarter production include GM's plans to extend changeover downtime at many plants and Volkswagen of America's plans to shut its plant in Westmoreland, Pa., for almost two months. The normal model changeover time is about two weeks.

Third-quarter forecasts are: GM, 723,610, down 12.64 percent from the year-ago quarter's 828,299; Ford, 363,000, down 5.39 percent from 383,668; Chrysler, 220,000, down 18.39 percent from 269,581; American Motors, zero, down from 12,491; Honda of America Manufacturing Co., 74,855, up 15.95 from 64,559; New United Motor Manufacturing Inc., 48,000, down 3.65 percent from 49,820; Nissan Motor Manfacturing Co. U.S.A., 29,640, which is more than double its 1986 schedule when the plant was idle during most of the quarter; and Volkswagen, 5,800, down 63.11 percent from 15,721.

Honda expands Ohio engine plant

ANNA, Ohio — Honda of America Manufacturing Inc. broke ground last week on the $450 million expansion of its engine plant.

The expansion, totaling 650,000 square feet, includes a new area for engine production and a suspension and components plant.

The expanded plant will produce engines, drivetrains and suspension components for the Honda Accord. Production of Civic engines and drivetrain components will be increased.

When the expansion is complete in 1990, the plant will produce 360,000 engines a year. Honda will then be the first "transplant" Japanese automaker building all the high-value major components in the United States for the cars it builds here.

7/6/87 C2700-1

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July 6, 1987

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GM staggers intro dates; Chevy first

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

Chevrolet will apparently beat the other General Motors lines to the starting gate with its 1988 models.

A survey of 1988 new-product introduction dates shows Chevy planning to launch its models on Sept. 24, with most of the other GM cars to follow on Oct. 1. GM is also scheduling a number of mid-year introductions this year.

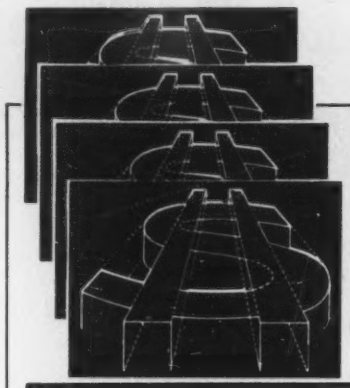
Chrysler Motors is planning a single introduction date for everything but its Maserati-built coupe, and that is likely to be a 1989 model. Ford Motor Co. is scheduling two dates: one for carryover models and a December introduction for its new front-wheel-drive Lincolns. American Motors is staggering its introductions, as well.

GM traditionally introduces all its carryover vehicles on one date, with some all-new models arriving later. The last time GM staggered its introduction dates was in the fall of 1983 when 1984-model Pontiacs were introduced 10 days before the other divisions' cars.

Spot checks of dealers throughout the country found mixed reaction to the planned staggered introductions.

An automaker's introduction

see INTROS, page 46



HOW 1987 IS SHAPING UP

	GENERAL MOTORS David C. Munro	FORD MOTOR CO. John V. Deaver	CHRYSLER CORP. Donald P. Hilty
Motor Vehicle Sales	14.75 - 15.0 million	14.9 million	14.7 million
Car Sales	10.0 - 10.25 million	10.0 million	10.0 million
Truck Sales	4.75 million	4.9 million	4.7 million
U.S. Economic Growth (Gross National Product)	2.5%	2.3%	2%
Inflation (Consumer Price Index)	3.5%	3.6%	4%
Interest Rates	Flat to up	Decreasing by year-end	Downward but will move up by year-end
Unemployment Rate (Now/until end of year)	Stable	Edging upward	Higher in second half than first
U.S. Dollar	Flat to declining	Moving downward	Resume depreciation
Consumer Attitudes	Reasonably steady; strong by historic standards	Relatively high; improving	Downward slide

RUTH SKURDA

Big 3 cut auto-sales forecast

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

Corporate economists for the Big 3 automakers have downgraded their forecasts for 1987 U.S. car sales because of a weaker-than-expected economy and sales stolen by 1986 incentives.

At the same time, the economists have boosted their projections for truck sales for 1987.

The average of the Big 3 economists' forecasts indicates car sales will total about 10.0 million for the calendar year. That would be down 13 percent from 1986's 11.5 million.

It also means car sales will have to move at a faster clip in the second half of the year than they did in the first half to meet the full-year projections.

Car sales in the first half of 1987 ran at annualized rate of 10.0 million or less, said David C. Munro, a General Motors economist. The five-month total for domestics and imports was 4,147,809.

Truck sales, the economists predict, will match or surpass by a slight margin 1986's record 4.7 million units. The economists said trucks continue to outdo their predictions because potential car buyers are switching to trucks.

see FORECAST, page 45

Opel Senator gives GM new European ammo

By Richard Johnson
AUTOMOTIVE NEWS STAFF REPORTER

STOCKHOLM, Sweden — General Motors is aiming at a bigger share of the European luxury-car market with its new, top-of-the-line Opel Senator that is due this fall.

GM is counting on its new European flagship to be a more formidable competitor for mid-range Mercedes-Benz models, the BMW 5 series, the Audi 100 (5000) and the Ford Scorpio than was its predecessor.

The car might also be sold in the United States if GM goes ahead with a plan to sell high-priced Opels in the luxury import segment. Company officials say the U.S. import plan is being held up by the dollar's weakness against the German mark.

The Senator is based on GM's hot-selling new Opel Omega/Vauxhall Carlton — Europe's Car of the Year in 1986 — just as the previous Senator was derived from the Opel Rekord. But GM said there is more differentiation between the new Senator and the Omega than there

see SENATOR, page 46

Iacocca: "We made mistakes that we will never make again. Period."

GLENN TRIEST

'Common sense'

Odometer snafu 'dumb . . . stupid,' Iacocca says

By Mary Connelly
and Charles M. Thomas
AUTOMOTIVE NEWS STAFF REPORTERS

Chrysler Corp. Chairman Lee Iacocca last week launched a goodwill program to repair consumer confidence in the wake of three class action lawsuits and a federal indictment of the company and two executives on odometer tampering charges.

Iacocca maintained that Chrysler had acted legally but admitted making a mistake in failing to notify customers that vehicle odometers were disconnected during overnight quality testing programs.

"The only law we broke was the law of common sense," Iacocca said at a press conference called last week to lay out Chrysler's response.

"We made mistakes that we will never make again. Period."

Chrysler expected to notify dealers and affected vehicle owners of the program by early this week.

Meanwhile, auction houses reported no change in the prices or trading of Chrysler vehicles. And lawyers representing car owners in lawsuits against Chrysler were reassessing their strategies in light of the company's announcement.

The Chrysler goodwill program followed a flurry of unfavorable publicity. Iacocca said a

see CHRYSLER, page 45

Autolatina underway, expects losses — Page 2
GM, Chrysler shuffle incentives — Page 3
Volkswagen wins class action engine suit — Page 4

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Ford moves $100 million ad account

By Edward Lapham
AUTOMOTIVE NEWS STAFF REPORTER

Ford Motor Co. last week shuffled account assignments for three of its four major ad agencies. The net result was that J. Walter Thompson, which recently agreed to be acquired by London-based WPP Group, lost an estimated $100 million in annual billings.

Ford called the account shuffle a "consolidation" and said it had been under consideration for some time. "It is more of a coincidence than anything else that it happened during the WPP takeover thing," a spokesman said.

J. Walter Thompson retains the Ford Division car and truck ad accounts, which it has handled since 1943, and Young & Rubicam retains the Lincoln-Mercury Division account.

Dealer ad group business handled by the two agencies through the Ford Dealer Advertising Fund and Lincoln-Mercury Dealer Association seemed unlikely to be affected, according to agency sources close to the decision.

Oglivy & Mather, which recently withdrew from competition for the Nissan Motor Corp. in U.S.A. account, was a big winner. O&M picked up the former JWT ad accounts of Ford affiliates in Austria, Belgium, Denmark, France, Italy, the Netherlands, Spain, Sweden and Switzerland while retaining the Ford of Britain account.

O&M also picked up the Ford Parts & Service Division account in the United States. That account had been handled by Y&R, which gained the Ford of Canada account. That account had been handled in Toronto by JWT, with Vickers & Benson.

Y&R also retained the Ford of Germany and Ford of Finland accounts.

Ford also put up for review JWT accounts in Mexico and Venezuela.

Ford's other major agency, Wells, Rich, Greene, which handles the corporate account, was not involved in the shuffle.

"We're very pleased to give both Young & Rubicam and Oglivy & Mather expanded responsibilities," said Ford President Harold A. Poling when he made the announcement.

The decision to shuffle the accounts was the result of discussions involving Ford corporate officials, as well as advertising and marketing executives from Ford Division, Lincoln-Mercury and North American Automotive Operations.

AUTOMOTIVE NEWS/JOE WILSSENS
Jim Falloon, left, plant manager, and Smith in a full-size pickup

Building spree ending

As GM dedicates Indiana truck plant

By Michelle Krebs
AUTOMOTIVE NEWS STAFF REPORTER

FORT WAYNE, Ind. — General Motors held dedication ceremonies for its truck plant here, one of the last all-new assembly plants to be built by the automaker during this century.

GM Chairman Roger B. Smith said that when the Saturn plant in Spring Hill, Tenn., is completed in 1990 and the Fairfax plant near Kansas City, Mo., is running later this year, GM will take a break from building new plants.

"Then I don't think we're going to need another assembly plant in this century," Smith said, adding that GM has built or modernized 18 assembly plants in six years at a cost of $40 billion.

Smith was booed repeatedly by some workers at the plant as he was introduced at the dedication ceremonies. However, by the end of his speech, he apparently had won the crowd over: No booing followed his talk and workers rushed up to shake the chairman's hand as he toured the plant.

Ground was broken for the Fort Wayne plant, in which GM invested $500 million, in November 1984. About 2,400 of the 3,000 workers at the plant came from other GM facilities including St. Louis; Janesville, Wis.; and Flint, Mich.

The plant has been producing GM's new line of full-size pickup trucks since December. For GM, the plant represents the latest in automation, with 144 robots, 300 programmable controllers, 25 cell controllers and 105 automated guided vehicles.

In addition, the plant is to be a showcase for manufacturing automation protocol, a communications link between the pieces of automation equipment that has been pushed worldwide by GM.

In installing the automation, the plant brought together the automaker's recently acquired high-tech subsidiaries, Electronic Data Systems and Hughes Aircraft. EDS designed and installed the hardware and software while Hughes debugged it and got it running. Hughes also helped in tying together all of the plant's cells of automation.

On the people side, GM would like the Fort Wayne plant to be the showcase for the team concept of production, a labor practice GM is pushing to spread throughout its plants.

Smith told workers at the plant during dedication ceremonies last week that the plant will be a role model for other GM facilities.

"When I look at this facility," he said, "and at what you've been able to accomplish in these few short months, what I see is the future of General Motors."

The Fort Wayne plant will add a second shift on July 20. At full capacity with two shifts, the plant will build 230,000 units a year.

The plant is one of three producing the new full-size pickup truck but is the only plant which was built from the ground up. The same trucks are also produced in plants in Pontiac, Mich., and Oshawa, Ontario.

No perks, no sales: GM, Chrysler pad incentive lineup

By Laura Clark
AUTOMOTIVE NEWS STAFF REPORTER

General Motors and Chrysler Motors have once again shuffled their incentive programs on selected car and truck models to match the competition.

Models that were dropped two weeks ago from incentive programs at Pontiac, Buick and Oldsmobile were reinstated last week. Those GM dealers contribute approximately one-third of the cost of the incentive program. Meanwhile, Chrysler added several models to its incentive lineup.

Pontiac said last week its Grand Am and Pontiac 6000 models have been put back in the incentive lineup with $500 cash rebates or cut-rate financing. An $800 rebate or cut-rate financing is offered on Pontiac 6000 STE models.

Those models were previously excluded when Pontiac extended its incentives two weeks ago. The Pontiac incentive program ends Aug. 6.

Buick added Skyhawk and Somerset/Skylark to its incentive program with $500 rebates or low-interest financing on those models. The Buick program also ends Aug. 6.

Oldsmobile reinstated Cutlass Ciera, Cutlass Cruiser, Firenza and Calais models to its incentive program with $500 rebates or low-cost financing. The Oldsmobile incentive program has no ending date.

GMC Truck extended all of its incentive programs until Aug. 6 with no changes.

At a press conference at GM's Fort Wayne, Ind., truck plant, GM Chairman Roger B. Smith rebutted rumors that GM will offer a big, very-low-interest-rate program at the end of the 1987 model year.

"Don't hold your breath because I don't see that in the cards," Smith said. "We've got a good program out there right now."

Chrysler announced its "Hot Summer Savings" incentive program on June 30. It offers cash rebates and low-interest financing on selected cars and trucks.

The program began July 1 and does not have an ending date. There is no dealer financial participation. Consumers must purchase vehicles from dealer stock.

Buyers of the Chrysler Fifth Avenue, Chrysler LeBaron GTS and Dodge Lancer models may choose a $750 cash rebate or financing between 3.7 percent for 24 months and 9.9 percent for 60 months. Those models were not included in the previous program that ended June 30.

Dodge Ramcharger, Dodge Dakota (excluding S model), Dodge Raider, Chrysler LeBaron Coupe (excluding convertible), Chrysler LeBaron and Dodge Daytona carry $500 rebates or low-interest financing.

Plymouth Sundance and Dodge Shadow, Plymouth Reliant and Dodge Aries, Colt (including Vista models), Dodge Ram 50 and Power Ram 50 have $300 rebates or low financing.

Peugeot offering up to $3,000 in rebates, floorplanning help

By John A. Russell
AUTOMOTIVE NEWS STAFF REPORTER

NEW YORK — Peugeot Motors of America is offering up to $3,000 in rebates to clear 1987 model inventories.

The promotion involves incentives for sales staff and extended floorplanning.

Dealers and Peugeot Motors of America will split the cost of the new program. The importer said the plan had the approval of the dealer council.

Incentives will be offered virtually across the board: $1,500 on four-cylinder sedans and wagons; $2,200 on the STI V-6; $2,500 on the STX V-6; $2,700 on turbo sedans and wagons; and $3,000 on Turbo S sedans and wagons.

In addition, according to a Peugeot Motors of America brochure, dealers will receive a "wholesale support plan." This means payments for orders placed between July 1 and Sept. 30 are due Oct. 31. The plan is essentially four months of free floorplanning.

Peugeot Motors of America will advertise the program in the Wall Street Journal and USA Today.

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61st year—No. 5188

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World Congress to address competitive toll

The shifting sands of the automotive marketplace have caused uncertainty for tens of thousands of auto workers faced with plant closures and the loss of their jobs in the face of intensified worldwide competition.

Three prominent speakers will explore many of the critical issues from their own distinct perspectives at the 12th annual Automotive News World Congress, to be held July 26-29 at the Hyatt Rengency Hotel in Dearborn, Mich.

The three speakers in this important area are Robert White, president of the Canadian Auto Workers union; Stephen J. Cabot, a leading management labor relations attorney and partner in the Philadelphia firm of Pechner, Dorfman, Wolffe, Rounick & Cabot; and Congressman Dennis M. Hertel, a Michigan Democrat from the east side of Detroit.

The theme for this year's World Congress is "Facing Up to Competitive Times." White, Cabot and Hertel will address the group on Monday, July 27, when the daily theme is "Recoveries & Strategies for the Domestic Industry."

Cabot, an afternoon speaker, will lead off and discuss "Labor Law Trends in the 1980s and Beyond." A much-in-demand speaker, Cabot has a remarkable record as a management advocate in labor disputes. He previously served as counsel for the General Counsel of the National Labor Relations Board. He has written two books, three manuals and numerous articles on labor law.

Hertel will be the first speaker at the evening general session. The topic is an "Update on Government and the Auto Industry." Hertel will give his outlook on current developments, including the trade bill, plant closings and the ever-increasing impact of competition.

White will close the evening's formal presentations with his speech, "The Labor Story from the Canadian Perspective." A labor leader from the traditional, class-oriented school, White is very active in Canadian politics. He was a prime mover in the CAW's 1985 secession from the UAW, and has led the union since that time. He heads this year's CAW contract bargaining team in talks with the Canadian subsidiaries of Ford Motor Co. and General Motors.

This year's World Congress will feature more than 30 speakers who will share their knowledge and viewpoints on where the car and truck industry stands and where it is headed.

For further information, write: Automotive News World Congress, 1400 Woodbridge Ave., Detroit, MI 48207, or call (313) 446-6047. Overseas inquiries cable: 810-221-5122 AUTNEW.

AUCTION DATES

American Motors

July 7 — Statesville Auto Auction, Statesville, N.C., and Aptco Auto Auction, Taylor, Mich.

July 8 — Columbus Auto Auction, Columbus, Ohio; Metro Milwaukee Auto Auction, Caledonia, Wis.; and Kansas City Auto Auction, Kansas City, Mo.

July 9 — Evansville Auto Auction, Evansville, Ind.

July 14 — D-A Auto Auction, New Stanton, Pa.

July 15 — Minneapolis Auto Auction, Plymouth, Minn.

July 16 — Greater Chicago Auto Auction, Chicago; Evansville Auto Auction, Evansville, Ind.; and Todd Auto Auction, Telford, Pa.

July 17 — St. Louis Auto Auction, Bridgeton, Mo.

Chrysler Corp.

July 7 — American Auto Auction, Walpole, Mass.; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Arena Auto Auction, Chicago; Golden Gate Auto Auction, Fremont, Calif.; and Hatfield Auto Auction, Hatfield, Pa.

July 8 — Southwest Auto Auction, Phoenix, Ariz.; Butler Auto Auction, Gibsonia, Pa.; and Minneapolis Auto Auction, Plymouth, Minn.

July 9 — Clanton's Auto Auction, Darlington, S.C.; Northway Exchange, Clifton Park, N.Y.; and Indianapolis Auto Auction, Indianapolis

Used Car Sales
Auction Averages

July to date	$5,922
Month ago	$5,901
Year ago	$5,194

Ford Motor Co.

July 7 — Harrisonburg Auto Auction, Harrisonburg, Va.

July 8 — Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Lakeland Auto Auction, Lakeland, Fla.; and Salt Lake Auto Auction, Salt Lake City

July 9 — Nashville Auto Auction, Nashville, Tenn., and Bay Cities Auto Auction Inc., Hayward, Calif.

July 10 — Interstate Auto Auction, Mercer, Pa.

July 15 — Atlanta Auto Auction, Red Oak, Ga.; Concord Auto Auction, Acton, Mass.; and Southern California Auto Auction, Fontana, Calif.

Model Breakdown
Auction Averages

	JUL 1987	JUN 1987	MAY 1987
1987	$11,194	$11,113	$11,046
1986	$9,167	$9,187	$9,287
1985	$7,187	$7,191	$7,194
1984	$5,734	$5,727	$5,718
1983	$4,874	$4,852	$4,873
1982	$3,691	$3,687	$3,705
1981	$2,704	$2,680	$2,705
1980	$2,138	$2,134	$2,141
Overall Average	$5,922	$5,900	$5,871

July 16 — Dallas Auto Auction, Dallas, and Minneapolis Auto Auction, Plymouth, Minn.

July 22 — Lakeland Auto Auction, Lakeland, Fla.

July 23 — Greater Chicago Auto Auction, Chicago; Denver Auto Auction, Englewood, Colo.; Aptco Auto Auction, Taylor, Mich.; Bay Cities Auto Auction Inc., Hayward, Calif.; Skyline Auto Exchange, Fairfield, N.J.; and 166 Auto Auction, Springfield, Mo.

July 28 — South Seattle Auto Auction, Kent, Wash.

July 29 — Columbus Fair Auto Auction, Obetz, Ohio; Clanton's Auto Auction, Darlington, S.C.; and Southern California Auto Auction, Fontana, Calif.

July 30 — Baltimore-Washingon Auto Exchange, Baltimore; Houston Predelivery Center, Houston; and St. Louis Auto Auction, Bridgeton, Mo.

General Motors

July 7 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and 166 Auto Auction, Springfield, Mo.

July 8 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Southern Auto Auction, Fontana, Calif.; and Minneapolis Northstar Auto Auction, Shakopee, Minn.

July 9 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; and St. Louis Auto Auction, Bridgeton, Mo.

July 15 — Hatfield Auto Auction, Hatfield, Pa.; Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; and Minneapolis Northstar Auto Auction, Shakopee, Minn.

July 16 — Butler Auto Auction, Gibsonia, Pa.; Denver Auto Auction, Englewood, Colo.; Aptco Auto Auction, Taylor, Mich.; Big H Auto Auction, Houston; Nashville Auto Auction, Nashville, Tenn.; and Florida Auto Auction of Orlando, Ocoee, Fla.

July 21 — Southern Auto Auction, East Windsor, Conn.; Dallas Auto Auction, Grand Prairie, Texas; and South Seattle Auto Auction, Kent, Wash.

July 22 — Atlanta Auto Auction, Atlanta; Clanton's Auto Auction, Darlington, S.C.; Omaha Auto Auction, Omaha, Neb.; and Baltimore-Washington Auto Exchange, Baltimore

July 23 — Arena Auto Auction, Chicago; Ohio Auto Auction, Grove City, Ohio; St. Louis Auto Auction, Bridgeton, Mo.; and Utah Auto Auction, West Bountiful, Utah

July 28 — Harrisonburg Auto Auction, Harrisonburg, Va.

July 29 — Hatfield Auto Auction, Hatfield, Pa.: Indianapolis Auto Auction, Indianapolis; Metro Auto Auction of Kansas City, Lee's Summit, Mo.; Minneapolis Northstar Auto Auction, Shakopee, Minn.; and Golden Gate Auto Auction, Fremont, Calif.

July 30 — Butler Auto Auction, Gibsonia, Pa.; Aptco Auto Auction, Taylor, Mich.; Nashville Auto Auction, Nashville, Tenn.; and Southwest Auto Auction, Phoenix, Ariz.

Limo sale slated

BALTIMORE — Baltimore-Washington Auto Exchange Inc. here will hold a sale of used limousines and livery vehicles July 17.

AUCTION DIRECTORY

SOUTH CAROLINA

Clanton's Auto Auction, P.O. Box 51, Darlington, South Carolina, 803-393-2861. Sale every Thurs., Regular Consignment, 11 a.m. & Early Bird, 9 a.m. (repos & lease units).

TENNESSEE

Memphis Auto Auction, 2650 Mt. Moriah Rd, Memphis, Tenn. 38115. 901-794-7700. Sale every Tuesday at 1 PM. Mid-South's newest auto auction.

TEXAS

Fort Worth Auto Auction, 2245 Jacksboro Hwy., Ft. Worth, TX 76114. Sale every Thursday. Contact: George Horton, 817-626-5494.

WASHINGTON

So. Seattle Auto Auction. The lease & Fleet Specialists. Tom Chase, 1-800-872-6800. P.O. Box 5189, Kent, Washington 98064.

WISCONSIN

Metro Milwaukee Auto Auction. Sale every Wednesday. FMC, all leasing, AMC. 414-835-4436, Caledonia, Wisconsin.

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86 CAVALIER R.S.
86 CAMAROS
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85 ESCORTS
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FORECAST

FROM PAGE 1

Donald P. Hilty, Chrysler Corp. economist, said buyers apparently see more unique and interesting vehicles in the truck segment than in the car segment.

The average of the revised forecasts puts total motor-vehicle sales at about 14.8 million units in 1987, down from 1986's 16.2 million.

The economists blame the weak economy, in part, for lower car sales in the first half of the year. Aggressive incentives, such as the 2.9- and 2.4-percent programs offered late last summer, stole some sales from 1987, they said.

Also, the year-end rush to buy vehicles before the Jan. 1 enactment of the tax reform law borrowed sales from 1987. The deduction for sales tax ended Dec. 31, and the deduction for interest on consumer loans is being phased out.

Some payback for the incentives and the December tax rush was expected, but economists said the payback was underestimated.

"The first half didn't shape up as we expected in terms of the hills and valleys," said GM's Munro. "Both the December bulge in auto sales and the subsequent January drop-off were more extensive than anticipated."

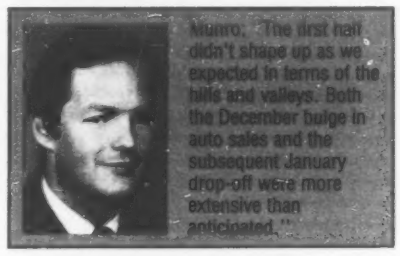
GM's forecast issued in January put total motor-vehicle sales at 15.0 million to 15.2 million units for 1987 — 10.5 million to 10.7 million cars and 4.5 million trucks. Since January, GM has reduced its forecast for car sales and upped its truck forecast to bring total vehicle sales to 15.0 million units at best.

John V. Deaver, Ford Motor Co. economist, has revised his January forecast only slightly, from 15.0 million vehicles to 14.9 million. He, too, has scaled back projections for car sales and boosted estimates for truck sales.

Deaver said his forecast anticipates some modest increase in incentive programs. Sales could be stronger if incentive programs are more aggressive, he said.

Chrysler's Hilty is sticking with the lower end of his forecast issued in January of 14.7 million vehicles. He also has downgraded his forecast for cars and anticipates that truck sales will come in at the upper end of his January forecast.

The economists describe 1988 as likely to be similar to 1987, but they expressed some concern about the possibility of a downward trend.


Munro: "The first half didn't shape up as we expected in terms of the hills and valleys. Both the December bulge in auto sales and the subsequent January drop-off were more extensive than anticipated."

Ford's Deaver said that earlier this year, he had expected a pick-up in the economy and vehicle sales for 1988. He has since lowered his forecast and expects 1988 to have slower economic growth and lower vehicle sales than 1987.

In January, Deaver rated the possibility of a 1988 recession at less than 10 percent. He now gives it a 25 to 30 percent chance. "I don't expect it to happen, and if it does, it won't be a big recession," Deaver said.

GM's Munro said that in January, he gave a 1988 recession a one-in-four or one-in-three chance. By spring, he boosted the possibility to a 40 percent chance but has since lowered the possibility.

Munro said there is nothing clearly wrong with the economy but there also is not a tremendous amount of momentum in the economy, so it is more vulnerable now to occassional glitches like the "potholes" in January and May.

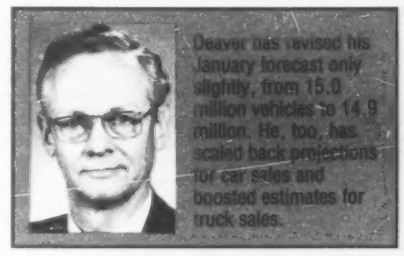
All of the economists sense a nervousness in the economy.

The recovery of the 1980s, long by historic standards, has been led by the consumers. The economists do not expect consumers to spend as they did early in the recovery.

For one thing, tax reform has discouraged vehicle buying, and the negative impact increases yearly. In 1987, for example, the consumer can still deduct 65 percent of the interest on a car loan. That amount will decrease during the next few years until it is phased out entirely.

In addition, interest rates have been jumping around and, as they do, consumers pull back on their spending.

"Consumers become concerned when they see interest rates go up — even if they don't affect them," Deaver said. "They think it could mean a recession so they rein in spending on houses, cars and other durable goods."


Deaver has revised his January forecast only slightly, from 15.0 million vehicles to 14.9 million. He, too, has scaled back projections for car sales and boosted estimates for truck sales.

CHRYSLER

FROM PAGE 1

company sampling indicated 69 percent of those over age 21 in the United States were aware of the situation within two days.

Iacocca said Chrysler will extend the warranty coverage to seven years/70,000 miles for any vehicle tested before October 1986 that can be identified from company records. Chrysler is broadening the coverage for affected vehicle owners. It will now include additional major systems such as brakes, suspension, electrical, steering and air conditioning.

Chrysler altered its odometer policy in October 1986. It now tests 2 percent of its daily build with the vehicle odometer engaged, limits mileage to 65 miles and places a notice of the test mileage in the vehicle.

An estimated 60,000 1985 and 1986 models vehicles are affected, according to the company. Some 1984 models may be covered, depending on record availability.

Iacocca said overnight testing records are kept in assembly plants and records from earlier model years are no longer available.

Tested vehicles were driven an average of 40 miles, he said.

The owners are also entitled to a free inspection at a Chrysler Motors dealership under the warranty with any product deficiency corrected at no cost to the customer. Most of the vehicles had carried 5-year/50,000-mile warranties.

Chrysler has also sent letters to owners of all vehicles assembled since the first week of October 1986 notifying them that the practice of disconnecting odometers on test vehicles had been discontinued by the time their vehicles were built.

In addition, 40 vehicle owners will be offered new, comparable vehicles at no cost, Iacocca said. Those were test cars repaired and sold as new. They were repaired at costs ranging from $91 to $950, according to Iacocca, with most costing close to the lower amount.

Iacocca called disengaging odometers without customer notification "dumb," but he said selling the vehicles damaged by testing as new "went beyond dumb and reached all the way out to stupid."

Chrysler last week also launched a newspaper and print advertising campaign bearing Iacocca's signature and designed to combat consumer concern. The ads state: "Testing cars is a good idea. Disconnecting odometers is a lousy idea. That's a mistake we won't make again at Chrysler. Period."

Iacocca declined to specify how much the total program will cost

"In total, it's going to be quite a bit of money," he said. "The sixth and seventh year of a warranty is expensive."

Asked if extending and broadening warranty coverage might not alienate owners of older tested vehicles for which the company says no records exist, Iacocca said, "Possibly. But we

A company sampling indicated 69 percent of those over age 21 in the United States were aware of the situation within two days.

— IACOCCA

give them such a long warrranty, we really do take care of them."

Iaocca said he was not personnally aware that odometers were disconnected during vehicle testing until last October when he was notified of the Justice Department investigation.

On June 24, a federal grand jury in St. Louis indicted Chrysler Motors and two senior executives for conspiracy to commit mail fraud, wire fraud and odometer fraud. Chrysler and the executives pleaded innocent. Trial has been set for Aug. 31.

If the 16-count felony indictment against the company is upheld on all counts, Chrysler could face a maximum fine of $120 million.

The two executives, Frank J. O'Reilly and Allen F. Scudder, were charged in a single misdemeanor count of conspiracy to commit odometer fraud. If convicted, they face a maximum penalty of one year in prison and fines.

The company also faces three class-action lawsuits. One was filed in November in the U.S. District Court for Southern Illinois, and the other two were filed June 25 and June 29 in U.S. District Court in St. Louis.

None of the suits is presently certified for class action but the closest one to gaining certification was the one filed in Illinois by attorney Nicholas H. Ores representing Gordon E. and Stephanie Maag.

In their $300 million lawsuit, the couple charges that the value of their 1986 Plymouth Voyager was diminished by Chrysler's overnight evaluation programs in which odometers were disconntected.

"Chrysler does not appear to be making a settlement offer, so if my clients receive something from the company, I will see what it says before making a recommendation on whether to accept it," Ores said. "The Chrysler offer does not appear to have any effect on civil or criminal matters. It appears to be more of an advertising position."

Under federal odometer laws, customers could each be entitled to a minimum of $1,500 — the fine set by the government — if a class-action suit is won in court, he said.

There also could be other damages awarded under common law or state laws if it is proved the Chrysler testing program was "willfully concealed" and therefore fraudulent, said Ores.

On Friday, Ores will argue against a motion by Chrysler to dismiss the lawsuit. If he is successful, he then will ask for class certification.

Chrysler maintains the lawsuit "fails to state a claim."

If certification is granted, the framework for the class is set.

Ores suggested the class could consist of all Chrysler car buyers between October 1972, when the odometer law was enacted by Congress, and October 1986, when Chrysler stopped testing cars with the odometer disconnected.

If fraud is proved, the class could consist of all customers with test-program vehicles dating back to 1949, said Ores.

In a separate class-action suit filed against Chrysler on June 25, a Hazelwood, Mo., woman claims the altered odmometer on her 1986 Plymouth Gran Fury caused her vehicle to depreciate by $5,000. The suit was filed on behalf of Shirley A. Jones by attorney Hardy C. Menees. It does not specify damages sought.

In a third class-action suit filed June 29 in the same court, George Saitta, of Pennsylvania, and Edward J. Rabetich, of New Jersey, are suing Chrysler as individuals and as part of a class of similar individuals.

The lawsuit asks for damages of a minimum of $1,500 per class member in addition to lawyer fees and three times any other damages awarded by the court to class members.

Owners of automobile auctions where dealers buy and sell cars said Chrysler products were unaffected by the indictments, lawsuits and publicity.

Larry Treble, owner of Southern Auto Auction in East Windsor, Conn., said there has been no noticeable affect on trading of Chrysler vehicles at the auction.

"Convertibles are as strong as ever and we lack Dodge trucks and minivans," he said. "I wouldn't expect this to affect sales for another three weeks if ever."

Bill Reid, manager of Memphis Auto Auction in Tennessee, said: "None of the buyers have shied away from the Chrysler products — nobody's even thinking about it."

And Joe Greco, manager of Florida Auto Auction of Orlando, said he sells Chrysler "brass-hat cars" at the auction and trading has remained exactly the same as it was prior to the indictments.

"We sell 7,000 Chryslers through here a year, and sales have been exactly the same — there has been no reflection here whatsoever," he said.

However, one auction owner said a Chrysler representative made an unusual announcement at a recent auction.

"The auction was stopped so he could tell buyers that the mileage on a particular Chrylser vehicle and the odometer reading were not the same," he said.

He added that dealers were amused by the revelation.

OBITUARIES

Howard F. Hembrough

JACKSONVILLE, Ill. — Howard F. Hembrough, 50, a Volkswagen-Porsche-Audi dealer in Springfield from 1972 to 1985, died June 14. He once served as president of the advisory board of Volkswagen of America.

Thomas A. Amatucci

WASHINGTON — Thomas A. Amatucci, 87, an automobile dealer from 1917 through the 1950s, died June 17 in Ormond Beach, Fla. Mr. Amatucci opened a Maxwell dealership in Salem, Mass., in 1917. In 1922, he moved to the Washington area and opened a Studebaker dealership. He acquired a DeSoto dealership in 1926, a Chrysler dealership in 1929 and a Plymouth dealership in 1932. By 1941, his Chrysler-Plymouth outlet had become one of the largest in the nation. In 1954, he acquired a Chevrolet dealership in Wheaton, Md.

Dan Boone

LOS ANGELES — Dan Boone, an automotive writer and advertising executive here for more than 25 years, died June 27. He was 67. Mr. Boone was auto editor of the Los Angeles Herald Examiner for 16 years before leaving in 1976 to become executive director of the Southern California Motor Car Dealers Association. He later joined E.F. McDonald Co. as an account executive and retired in 1986.

Kelley Blue Book offers computerized appraisals

IRVINE, Calif. — Kelley Blue Book, an automobile appraising firm, has introduced a computerized, on-line service to provide instant car-value appraisals and other price and inventory information.

The service, called KAR for Kelley Appraisal Report, is available to persons using IBM PCs or compatibles through the TYMENT public data network. The network can be accessed in more than 600 locations across the United States and in 65 countries.

Kelley is marketing the system to auto dealerships.